C5250-2

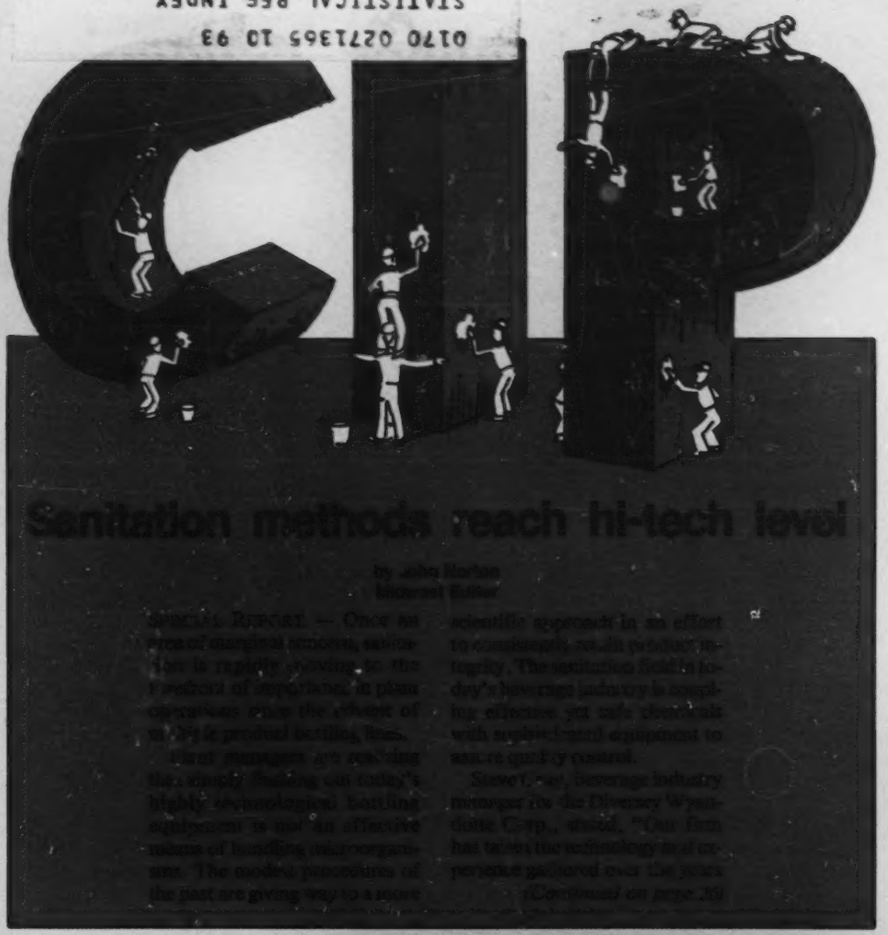
SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

JUNE 25, 1982

Beverage Industry

PUBLISHED EVERY OTHER FRIDAY

STATISTICAL REF INDEX
7101 WISCONSIN AVE #900
WASHINGTON DC 20014
CTY
0170 0271365 10 93



Sanitation methods reach hi-tech level

by John Harlan
Managing Editor

SPECIAL REPORT — Once an area of marginal concern, sanitation is rapidly growing in importance as a product safeguard. It plays a crucial role in the absence of spoilage in product bottling lines.

Plant managers are finding that today's highly sophisticated bottling equipment is not an effective means of handling microorganisms. The modest procedures of the past are giving way to a more scientific approach in an effort to consistently result in product integrity. The sanitation field in today's beverage industry is coupling effective yet safe chemicals with sophisticated equipment to assure quality control.

Stuart Cox, beverage industry manager for the Diversey Wyandotte Corp., stated, "Our firm has taken the technology and experience gathered over the years

(Continued on page 20)

Admin. looks to ease food safety standards

WASHINGTON, DC — An administration sub-cabinet group has proposed a new means of evaluating food safety, so the rigid interpretations that in the past led to the saccharin and acrylonitrile controversies could be replaced with a more flexible approach in determining what poses a health threat to the public.

At presstime, industry observers and consumers were commenting on the plan which attempts to build upon, rather than rewrite existing food safety statutes administered by the Food and Drug Administration and the Agriculture Department. Of particular interest to beverage manufacturers and packagers are the Working Group's recommendations to amend the Delaney clause and assessment procedures for indirect additives.

The Delaney clause now requires the banning of substances found to cause cancer in animals or man. But the sub-cabinet group, which includes representatives from FDA, USDA, the Department of Health and Human Services and the Environmental Protection Agency, suggests that carcinogens be evaluated based on:

- whether animal test data is relevant to humans
- health benefits derived from food or color additives;
- risk assessment to determine the significance of the presence of carcinogenic consti-

(Continued on page 2)

BI Week

• Beatrice seems intent on adding to its beverage operations. In addition to acquisition of San Diego and San Bernadino Coke, the firm has also been granted a Coke franchise for Venezuela covering approximately 70% of that country's population. Firm wil hold up against strong local Pepsi-Cola franchisee in that country, run by the Cisneros family.

• FDA has thrown a monkey wrench into RC's plans for calling its Decaffeinated RC "caffeine free." Product contains 1-part-per-billion caffeine. At presstime the firm was mulling FDA suggestions that it add the low amount of caffeine to the list of ingredients or to the label panel.

• Soft drink wars in Great Britain are beginning to look like U.S. versions. Dr Pepper signed a franchise agreement with Britvic earlier this year and rolled out its product in April. So far, sales are "favorable" with a target date of sales levels "ap-

(Continued on page 39)

Pabst looks to sell stock at $25/share

MILWAUKEE, WI — Pabst Brewing Co. is still willing to strike a deal with C. Schmidt & Sons, or someone else to purchase Pabst for $25 per share cash.

Pabst rejected the latest Schmidt offer of $20 per share, or $180 million plus an extra $5 principle amount subordinated debentures for each Pabst common share. The total price would have been about $210 million.

On May 18, the Pabst board of directors met and decided to reject that offer. (Schmidt wanted Pabst to accept the deal in principle no later than that date. Schmidt also wanted to close the deal on August 15.)

Pabst rejected the deal because of what it called "uncertainties." For instance, would the deal really be consummated? Because, why did Schmidt want to look at Pabst's books before closing? Also, the debenture arrangement was questionable in Pabst's view.

Pabst was, in addition, worried about how its distributors would react to the merger, especially during the peak selling months of summer. What incentive would distributors have if the company was sold?

The Pabst board decided that they would seriously consider only a cash offer. At presstime, Schmidt had not revised its offer further, and no other companies had expressed interest.

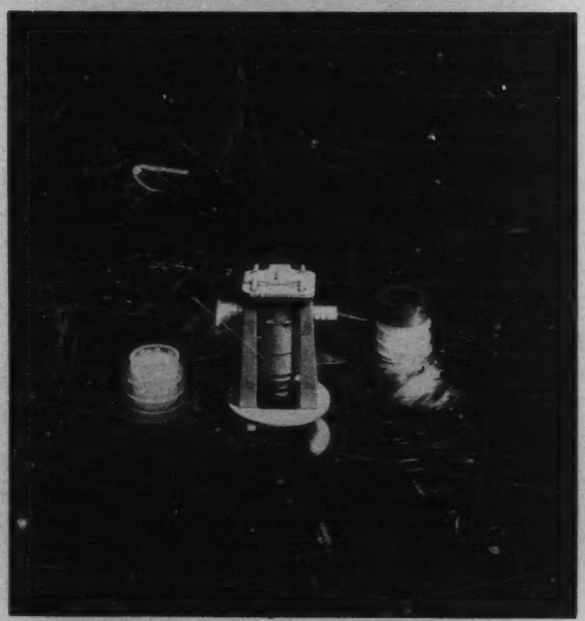
USBA launches nat'l drunk driving radio campaign

WASHINGTON, DC — Concern over inappropriate use of beer, especially by American youth, has prompted the United States Brewers Association (USBA) to launch a national public service campaign about the hazards of drinking and driving.

Radio spots telling teens to "think twice" before getting behind the wheel have been sent to 4,000 stations throughout the country, and are being presented at a time when the federal and 33 state governments are also trying to combat this growing problem.

In fact, a Presidential Commission on Drunk Driving, chaired by former Transportation Secretary John Volpe, was recently created to help local

(Continued on page 6)



Liqui-Box improves on bag-in-box. P. 24

Contents

Admin. revising food standards

An administration sub-cabinet group is looking into new ways of evaluating food safety so that the rigid interpretations of the past could be replaced with a more flexible approach in deciding what poses health threats to the public.

The plan tries to build upon, rather than totally rewrite existing statutes. The group is recommending changing the Delaney clause and reassessing procedures for indirect additives, a move that would have a significant impact on the beverage industry. For details on the subcabinet's suggestions, see **page 1.**

Bronco marketing first wine in PET

Bronco Wine Co. put PET-bottled wine on store shelves in selected test markets beginning May 3. The 1.5-L bottles of burgundy, chablis and rose, with Bronco's JFJ label, appeared first in Fresno, CA. Phase two of the test was scheduled for May 21.

Although Geyser Peak was the first winery to announce plans to put wine in PET, Bronco apparently won the "race." For complete details, see **page 4.**

SD can sales in Europe hit 4.4 bil.

Last year, sales of canned soft drinks in Europe reached 4.4. billion units, for an 8% increase over 1980, according to Canadean Limited. That represents 10.5% of total soft drink consumption in the 12 countries where cans are sold. Except for the U.K., there appears to be steady growth in soft drink cans on the continent.

Germany accounts for almost 40% of sales in cans, making it the leader. Germany, Italy and the U.K. combined to account for more than 80% of total canned soft drink sales in Europe in 1981. For more on what the Canadian Limited study reveals about the European market, see **page 4.**

Chemicals, methods key to sanitation

Walt Hardy, director of technical services at Bio-Cide Chemical Co., explains in depth prevention of microbial contamination in bottling operations. His article describes the "bugs" themselves and the sanitizers used to control them. He discusses the sanitizing agents relative to their strengths and weaknesses. His article begins on **page 12.**

Departments

Ad Index	37
Beverage Business Indicators	11
Classified Ads	34
Editorial	38
New Lit	34
New Products	32
News Makers	30
Reader Service	15

© 1982 Magazines for Industry, Inc. All rights reserved. Beverage Industry is published 24 times a year, every other Friday except June 4 and August 6, 1982 as a service to the distribution, technical and marketing functions of the soft drink, beer, bottled water, wine, juice, spirits and non-carbonated beverage industries. ISSN 0146-6186. Controlled circulation paid at Sheperdsville, KY, 40165. USPS No. 946 780. Postmaster: send form 3579 to Beverage Industry, Circulation Dept. 747 Third Ave., New York, NY 10017.

To hold the line on citric acid costs, look into America's heartland.

Look to the cost-efficient manufacturing processes of Miles — and to America's Corn Belt farmers — as your reliable combination for citric acid throughout the 1980s.

We have been making our citric acid from cornstarch — instead of sugar — for 15 years longer than anyone else. And that's to your advantage. It's a more cost-efficient process, and we can count on the American farmer for an abundant supply of corn. That means you can count on Miles for a steady supply of citric acid at a consistent price. In fact, despite inflationary times, Miles has increased prices just once between July 1980 and January 1982. We even rolled back prices to hold the line in 1981.

That's the kind of support you can expect from the leader in citric acid technology. Isn't that reason enough to call us first? We're in the heartland.

Reach for the Miles Line.

(800) 348-7414 Citro-tech Products MILES

Citro-tech Products • P.O. Box 932 • Elkhart, IN 46515

Circle no. 102 on Reader Service card

BEST AVAILABLE COPY

SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS JUNE 25, 1982

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY PUBLISHED EVERY OTHER FRIDAY

Wine in PET bottles hits store shelves in California

SPECIAL REPORT — The first wine packaged in polyethylene terephthalate (PET) bottles is on store shelves in selected test markets, and Bronco Wine Co. put it there.

The company became the first winery to do so when it hit the Fresno, CA market on May 3 with 1.5-liter bottles of burgundy, chablis and rose carrying its own JFJ label. The wine is being sold in the Liquor Barn section of Safeway supermarkets in Fresno. A larger test in 18 Ralphs Grocery outlets, also in California, was scheduled at press-time to begin May 21.

Bronco's entry culminated what often appeared to be a race during the last few months to see who in the wine industry would be first to the marketplace. Geyser Peak Winery, a company noted for trying new packaging concepts for wine, had been the first to announce publicly its intention to test wine in PET. Within days of the Geyser Peak announcement, **Beverage Industry** learned that both Bronco and Giumarra Vineyards had similar plans.

At the time, wine from the three companies was expected to hit test markets almost simultaneously. However, last minute changes in marketing plans, capping problems, production experimentation and assorted other glitches caused all three to miss their original timetables.

Bronco is the first to move wine out of its warehouses, but the other two firms are hot on its heels and will be in restaurants and bars and on store shelves in the early summer.

Actually, Bronco's initial test placement was easy to achieve, because the Safeway locations are almost in the back yard of its Fresno plant. The big rollout will be through Ralphs, which is placing approximately 6,000 cases — with the bottles bearing generic labels.

Bronco's 1.5-L PET bottles of wine.

All three wineries are participants in what amounts to a marketing revolution in the wine industry — a revolution in which new packaging and promotion will play major roles. The emphasis is on taking the mystique out of wine, adopting a variety of convenient new package forms, creating new products and product lines and using soft-drink-style marketing approaches to convince the American public that wine is an everyday beverage, not something suitable only for special occasions.

(Continued on page 20)

Single service glass shipments on increase

WASHINGTON, DC — Pre-labeled single service glass shipments qualifying for the Glass Vending Association's "Go First Glass II" bottler incentive program are up 35.9% over last year, according to Gunter Rohland, Glass Packaging Institute vice president.

Shipments from December, January, and February, the latest available figures, show pre-labeled 10 oz. single service up 36.3% and 16 oz. up 35.8%. Rohland said that during that period 47,178,276 cases were shipped vs. 34,712,862 cases for the same period a year ago.

There are 750 soft drink bottlers participating in the "Go First Glass II" program thus far this year, Rohland stated. "That compares to 659 bottlers during the entire program last year," he noted.

(Continued on page 14)

European canned SD sales reach 4.4 billion units

LONDON, ENGLAND—Sales of canned soft drinks in Europe reached about 4.4 billion units in 1981, an increase of over 8% from the previous year, according to a new review of soft drinks in cans published by Canadean Limited, located here. At that level, they represented 10.5% of total soft drink consumption in the 12 European countries where canned soft drinks are sold, up from 9.7% in 1980.

The review paints a picture of steady growth in soft drink cans in most European countries, with the exception of the UK.

Germany, which now accounts for nearly 40% of European sales of canned soft drinks, saw can sales accelerate last year by almost 15%, despite the recession. By contrast, sales in the UK (26% of the European market) fell by 5.5% to their lowest level for three years.

The sheer size of the overall German soft drinks market, however, means that cans still only represent 12% of total carbonates consumption. In the UK they account for 19.5% of soft drinks sales. But this penetration level is now significantly under the peak of 23% reached in 1978.

The next most important European market for canned soft drinks is Italy, where sales jumped 20% in 1981 to 691m units, representing nearly 15% of total consumption of soft drinks.

Together, Germany, the UK and Italy accounted for just over 80% of Europe's canned soft drinks sales in 1981.

The review points out that: "Cans face price problems in two dimensions in Europe. The first involves the retail price of the can

(Continued on page 14)

European domestic consumption of canned carbonates

(million units)

	1977	1978	1979	1980	1981
Germany	1,052	1,152	1,282	1,473	1,691
UK	1,245	1,342	1,389	1,215	1,148
Italy	315	385	456	576	691
Spain	–	60	126	191	191
Netherlands	103	109	121	127	133
France	9	30	67	97	118
Sweden	42	67	73	109	118
Belgium	61	70	77	85	97
Austria	42	52	67	76	81
Eire	55	61	71	62	65
Switzerland	9	9	9	16	24
Finland	3	3	3	10	9
Total 12 Countries	2,936	3,326	3,742	4,039	4,376

Source: Canadean European Soft Drinks Service

Copyright: Beverage Industry, June 25, 1982

BEST AVAILABLE COPY

products are flexible in application, quick acting and non-corrosive. It is not recommended that they be blended with detergents and therefore do not have the dual action cleaner-sanitizer action as some others have. Chlorine dioxide has more oxidizing potential than chlorine and does not produce chlorinated by-products.

Quaternary Ammonium Compounds. These "Quats," including the cationic detergents have very good cleaning characteristics and sanitizing properties, however, it is generally agreed that they are more effective against gram positive bacteria than gram negative. Quats do not exhibit sporocidal activity and display incompatibility with many other chemical agents, such as soaps and iodine. They do not irritate the skin and are non-corrosive to machinery and lines. Quats can be combined with non-ionic wetting agents to formulate detergent sanitizers. Quats are generally slower acting than most other compounds and can leave an objectionable film on treated surfaces. They are relatively expensive and there is evidence that organisms can mutate to resist destruction from quats. In addition they do not have an easily detectable residual.

Aldehydes. Because these are very noxious products, toxic to both microbes and man, the use of aldehydes, especially formaldehydes, should be limited or replaced as soon as possible. Because of health problems of workers and customers, the use of formaldehyde cannot be recommended.

Strong Acid and Alkalies. Acids and bases show excellent germicidal activity for selected groups or organisms. Sporocidal activity is much more pronounced with acids than with caustic. Acids also have the advantage of dissolving hard water deposits. Caustics, along with their germicidal activity have the advantage of being good cleaning agents as well. In many cases, these acids and bases are used in conjunction with other compounds to give a more complete cleaning-sanitizing effect. They are relatively inexpensive but must be handled with great care and stored safely.

There are a number of factors to be considered when fitting a sanitizer with the requirements of a particular application. If the application requires a short contact time, then one must look to the more rapid acting agents. The pH must be compatible and the proper concentration of sanitizer applied. Usually the application will dictate most if not all of the criteria that the sanitizer must meet. Temperature, number and types of organisms present and the simply physical requirements all must be considered. Can the sanitizer be sprayed or fogged? Can it be added before or after another compound? Is is active in high organic loads or alkaline conditions?

Most of the larger concerns have elaborate testing procedures to evaluate the many parameters necessary to ensure complete compatibility. Others rely on the wisdom and expertise of the plant manager, or the advise of the full service chemical supply companies whch service the industry. To obtain and maintain a sanitary condition requires a team effort of considerable proportion from all levels. To this end, an understanding of the basic principles of sanitation by all concerned will certainly aid in a smooth and efficiently run plant, producing the highest quality products available today.

All MIXED UP
Step into the magic circle. Feel the rhythm...power...flow. The agitation motion achieves a perfect blend for any beverage. Process Equipment Corporation offers assemblies to meet every mixing need.
Standard models include side entering, portable and fixed top mounted propeller type. Custom engineered assemblies such as turbines, paddles, anchors and scrapers are fabricated to handle specific requirements.
The entire agitator-mixer line is available with a number of accessories and options to aid mixing, mounting and operation. A complete line of stainless steel, fiberglass and thermoplastic tanks can be ordered, too.
Follow the path of natural flair to the master of the art. Process Equipment Corporation.
PROCESS EQUIPMENT CORPORATION
BELDING, MI 48809
(616) 794-1230
Circle no. 105 on Reader Service card

European cans

(Continued from page 4)

relative to other packages. Here the can is expensive, with the premium ranging from 1.5 to nearly 3 times as expensive as the equivalent volume in a liter bottle.

"The second involves the retail price of the can in relation to real disposable incomes. In Germany the can is seen to be cheap enough to warrant a premium for 'convenience;' sales volume has moved ahead well. By contrast, in the UK the can had become an 'expensive' purchase and sales volume fell."

1981 saw an upsurge in exports of cans from Germany to the UK, France and Belgium; largely due to the price advantage enjoyed by German filled cans. This price advantage was based partly on the fact that locally made empty cans were 10-20% cheaper than in the UK.

In addition, German can fillers were operating more efficiently. In 1981, total German production (including exports) was some 1.6 billion cans from no more than 12 filling lines. UK output was 1.1 billion cans from more than 20 filling lines.

The downturn in the UK market meant that in 1981 fillers were having to cope with substantial excess capacity. The Canadean Review shows that, on average, fillers were working at only 85% efficiency, measured on a single-shift basis; German fillers were working at 160% efficiency on the same basis, i.e. on average they were able to achieve two-shift working fairly comfortably.

As far as brands were concerned, the review points out that the major international brands continued to dominate the European market for canned soft drinks.

The review covers the 12 European markets where cans are sold in significant amounts.

Single service

(Continued from page 4)

In other areas of single service, Rohland reported that in 1981 10 and 16 oz. pre-labeled glass increased market share by 20.4% in supermarkets. Single service glass sales over cans increased in 30 of 32 marketed measured by an independent research firm.

"Last year in side-by-side tests with bottlers, pre-labeled glass vendors outsold can vendors by 40% to 213%," Rohland said. Last year's program led to the placement of 72,000 pre-labeled glass machines, and that's just the number of bottlers brought to our attention," he said.

The "Go First Glass II" program offers bottlers a 4 cent per case credit for purchases of 10 and 16 oz. single service through August 30 1982. Bottlers are reimbursed by the Glass Vending Association for the qualifying glass vending machine purchases if the bottler matches the credit dollar amounts he has earned. The credits may also be applied to approved glass vending machine retrofit devices.

Participating glass companies are: Anchor Hocking Corp., Ball Corp., Brockway Glass Co., Inc., Chattanooga Glass Co., Foster-Forbes Glass Co., Northwestern Glass Co., Glenshaw Glass Co., Inc., Indian Head, Inc.-Laurens Glass Co., Kerr Glass Mfg. Corp., Liberty Glass Co., Midland Glass Co. and Owens-Illinois, Inc.

King Cola sells assets under Chapter XI

NEW YORK, NY — The franchise holders of the King Cola World Corp. said that the U.S. Bankruptcy Court has approved the sale of all assets out of Chapter XI proceedings effective May 17.

The sale was made to a newly-formed corporation called King Cola, Inc., which is made up of the owners of the 20 existing franchise markets. They will maintain headquarters here.

The board of directors of King Cola, Inc. will be headed by E.W. Kelley, chairman, and CEO, Alva T. Bonda, vice chairman, James D. Lanham, Neely Cassady and Bert Olsen.

Thomas J. Bonda will be president and CEO.

BEST AVAILABLE COPY

Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	Dec. '81	Jan. '82	% change
Bottles -Total	23,272	24,457	5.1
Beverage:			
refillable	360	208	(42.2)
nonrefillable	3,681	3,409	(7.4)
under 10 oz	61	109	78.7
10.0 to 15.9 oz	1,176	988	(16.0)
16.0 to 16.9 oz (includes .5-L)	1,975	2,060	4.3
17.0 to33.9 oz (includes 1-L)	469	252	(46.3)
34.0 oz and over (includes 2-L)	—	—	—
Beer:			
refillable	132	213	61.4
nonrefillable	8,065	8,305	3.0
under 11 oz	1,052	1,321	25.6
11.0 to 15.9 oz	6,528	6,482	(0.7)
16.0 and over	485	502	3.5
Liquor:	1,117	1,282	14.8
Under 125 ml (4.23 oz and under)	100	126	26.0
126 to 275 ml (4.24 to 9.3 oz)	268	348	29.9
276 to 500 ml (9.31 to 16.9 oz)	148	198	33.8
501 to 800 ml (16.91 to 27.04 oz)	234	245	4.7
801 to 1000 ml (27.05 to 33.80 oz)	229	245	7.0
1001 ml and over	138	120	(13.0)
Wine:	711	193	(72.9)
126 to 500 ml (4.24 to 16.9 oz)	145	117	(19.3)
501 to 800 ml (16.91 to 27.04oz)	300	369	23.0
801 to 1000 ml (27.05 to 33.08 oz)	227	17	(92.5)
1001 to 1600 ml (33.81 to 54.08 oz)	—	190	—
Over 1600 ml (over 54.08 oz)	39	100	156.4

Source: U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	Jan. '82	Feb. '82	% change
Metal (for spirits, wines)	59,731	56,556	5.3
Plastic (for spirits, wines)	84,158	132,743	57.7
Metal crowns (beer and soft drinks)	18,474	19,913	7.8
Soft drink (convenience types)	1,487	2,052	38.0
Soft drink (conventional types)	6,086	6,604	8.5
Beer (convenience types)	8,724	8,797	.84
Beer (conventional types)	2,177	2,460	13.0
All other metal closures other than crowns	4,772	5,998	25.7

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	Feb. '82	Mar. '82	% change
Beer*	11,457,293	24,957,576	117.8
Whiskey	4,650,081	8,978,343	93.1
Brandy	334,326	840,960	151.5
Gin	264,884	574,979	117.1
Rum	37,037	70,272	89.7
Cordials and liqueurs	500,128	1,239,323	147.8
Others	536,073	1,117,034	108.4
Total	**17,779,822**	**37,778,487**	**112.5**
Sparkling wines	332,495	987,571	197.0
Still wines, table	6,006,026	16,381,289	172.7
Still wines, fortified	93,605	314,763	236.3
Vermouth	113,075	453,917	301.4

*Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected consumer price index

(The year 1967 equals 100)

	Nov. '81	Dec. '81	% change
Cola	296.1	295.7	(1.1)
Other carbonated soft drinks	139.3	137.2	(1.5)
Noncarbonated drinks	136.4	137.1	0.6
Wine	203.6	203.5	0.0
Beer and ale	237.4	238.0	0.2

Sweetner data

(Cents per pound, dry basis)

	Nov. '81	Dec. '81	% change
HFCS wholesale prices			
California	20.21	20.21	0
New York	19.72	19.72	0
Chicago-West	19.72	19.72	0
Beet sugar wholesle prices	25.41	26.39	3.9
Dextrose wholesale prices			
California	28.64	28.64	0
New York	27.17	27.17	0
Chicago-West	27.17	27.17	0

Source: U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	Nov. '81	Dec. '81	% change
Bottles and cans	10,763,745	11,259,178	4.6
Barrels and kegs	1,623,312	1,648,054	1.5
For export	198,420	199,926	0.8
Other	11,833	12,907	9.1
Total	**12,597,310**	**13,120,065**	**4.1**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	Nov. '81	Dec. '81	% change
Still wines (bulk)	111,706	158,581	42.0
Still wines (bottled)	31,434,519	30,804,093	(2.0)
Effervescent wines bulk & bottled)	3,906,441	2,724,113	(30.3)
Total	**35,452,666**	**33,686,787**	**(5.0)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	Aug. '81	Sept. '81	% change
Whiskey	12,041,841	14,272,681	18.5
Brandy	1,094,227	1,200,650	9.7
Rum	1,957,352	2,127,667	8.7
Gin	3,047,178	3,307,410	8.5
Vodka	7,152,538	8,380,937	17.2
Cordials and liqueurs	2,316,801	3,002,165	29.6
Cocktails and mixed drinks	737,483	804,096	9.0
Total	**28,347,420**	**33,095,606**	**16.7**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	Dec. '81	Jan. '82	% change
Plastic bottles (blow-molded)	1,159,831	1,170,063	.8
Carbonated beverages*	213,284	165,865	(22.2)

*plans are being made to sub-divide this category into .5-, 1- and 2-L sizes

Source: U.S. Dept. of Commerce
Bureau of the Census

Copyright: Beverage Industry
June 25, 1982

BEST AVAILABLE COPY